

Murray, Montgomery & O'Donnell

101 Constitution Ave, NW

9th Floor

Washington, D.C. 20001

{P} 202.742.4410

{F} 202.742.4351

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To: Tom Zdunek, County Manager

From: John O'Donnell and Kyriakos Pagonis

Re: End of Contract Year (Annual) Report

Introduction

This report provides an end of the year contract report on Bernalillo County's 2014 federal legislative program. The County's ten priority projects/issues for 2014 are:

- A. South Valley Flood Reduction Project
- B. Sunport Blvd. Extension
- C. Alternatives to Incarceration
- D. Army Corps of Engineers Reimbursement for N/S Valley Utilities
- E. Municipal Bonds Tax Exempt Status
- F. Land Mobile (LMR) Systems
- G. Our Town Placemaking Grant from the National Endowment for the Arts (NEA)
- H. Support for Funding Requests for Sandia and Los Alamos NL and
Bus Rapid Transit for the Albuquerque Metropolitan Area
- I. Supplemental Nutrition Assistance Program (SNAP) Funding Support

In addition to the above priorities, we addressed other federal issues that were of concern to the County. Those issues included: Payment in Lieu of Taxes (PILT and Main Street Fairness Act)

A. Corps of Engineer's FY14 Work Plan included \$5.2 million for Completion of the Southwest Valley Flood Damage Reduction Project

The final federal funding for the project was listed in the Corps national work program that was announced on March 4, 2014. Since the end of the Congressional earmarking for projects, the Corps of Engineers has used its annual budget process to identify the priority studies and projects. The Corps advises Congress during the

formation of its annual budget what studies and projects it expects to fund.

We advise the County to stay in close contact with the Albuquerque Corps District office throughout the calendar year to ensure that any County flood damage reduction, ecosystem restoration or watershed management study and/or project be included in the District's work program that goes to the Corps Southwest Division office in San Francisco and headquarters for review and inclusion in the Corps fiscal year budget.

The County's Congressional delegation made sure that Corps headquarters and Energy and Water Development appropriations subcommittees were aware of the priority the delegation assigned to completing the federal share of the project's construction costs.

The County's Washington lobbyist worked closely with Senator Tom Udall's staff to ensure that the Senator indicated to the Corp and Appropriations Committee the priority he assigned to the project. Senator Udall is a member of the Energy and Water Development Appropriations Subcommittee that has jurisdiction over the Corps budget.

B. Federal Highway Administration and New Mexico Department of Transportation must complete review of the environmental assessment for Sunport Boulevard Extension.

The County sought \$9.4 million in federal funds for this project in 2014. MMO advised County officials last fall that without Congressionally directed funding it was unlikely that the U.S. Department of Transportation could provide the requested funds. Direct federal funding for transportation projects like Sunport Boulevard are difficult to since the prohibition on earmarks. The only direct funding from Washington for a project like Sunport Boulevard is the TIGER grant program.

Bernalillo County has traditionally included priority roadway projects in its federal program because there was the opportunity to previously request earmarked funding for them. However, in the past several years the County has chosen to include a road project in its federal priorities to signal to the Congressional delegation that there are specific funding needs for roadway projects and provide detailed information about the importance of a road being built or completed.

Over the past year, the County's Washington lobbyist has worked with the Federal Highway Administration (FHWA) to have the agency release its comments on the review of the project's environmental assessment (EA). Community concerns have caused FHWA and the New Mexico Department of Transportation (NMDOT) to prolong their review of the project. The County asked MMO to draft a letter for Senator Martin Heinrich to send to the Federal Highway Administrator requesting that FHWA make a determination about the project going forward. After considering how Senator Heinrich might be most helpful to resolving what might be an impasse, MMO recommended that it draft a letter for the County to send to

Senator Heinrich and other members of the delegation requesting they contact FHWA about making public its findings based on the EA. We understand that the letter of request has been sent to the three members of the County's Congressional delegation as of the last week in July.

C. Bernalillo County sought federal funding for alternatives to incarceration program

On weekly basis, MMO provides the County with grant opportunities. Earlier this year, MMO identified the following two DOJ funding opportunities to address the County's "Alternatives to Incarceration" federal priority:

Second Chance Act Reentry Program for Adult Offenders with Co-Occurring Substance Abuse and Mental Health Disorders FY 2014 Competitive Grant Announcement	This program is designed to improve outcomes for adults with co-occurring substance abuse and mental health disorders through the screening and assessment of incarcerated individuals, availability of some pre-release programming, leading to the provision of appropriate evidence-based services and treatment after incarceration.
Second Chance Act Technology Career Training Program for Incarcerated Adults and Juveniles FY 2014 Competitive Grant Announcement	This program provides funding to states, units of local government, territories, and federally recognized Indian tribes to support the education, training, mentoring, support services, and job placement for incarcerated/detained adults and juveniles in a technology field.

After reviewing both grants, the County submitted a \$598,808 BJA Second Chance Act Reentry Program for Adult Offenders with Co-Occurring Substance Abuse and Mental Health Disorders grant to provide coordinated care and supportive housing to former inmates as a way of keeping them from going back to jail.

MMO drafted and secured a support letter from the New Mexico delegation to BJA. We expect DOJ to make funding decisions in mid-September.

D. Reimbursement of \$3.9 million from the Corps of Engineers not covered by Credit in Lieu of Reimbursement Provision in Water Resources Reform Development Act of 2014 (WRRDA 2014). Bernalillo County project(s) could be funded through *Rural Western Water*, Section 4008, and *Rio Grande*, Section 4006 in WRRDA 2014. These sections provide the authority for the Corps to work with non-federal sponsors on studies, planning and construction of ecosystem restoration and protection and flood damage reduction projects.

The County sought reimbursement from the Corps of Engineers for \$3.9 million in funds advanced for the North and South Valley Utilities Project. Funding for the Valley Utilities Project came from authorities the Environmental Protection Agency's has under the (EPA) State and Tribal Assistance Grants (STAG) and under

environmental infrastructure (EI) authority provided through the *Central New Mexico*, Section 593 of the Water Resources Development Act of 1999.

The Water Resources Reform Development Act (WRRDA) of 2014 did not include authority for non-federal sponsors to be reimbursed for funds advanced for environmental infrastructure projects. However, WRRDA 2014 does authorize funding for environmental infrastructure and water resource protection and development projects in six western states including New Mexico under Section 4008, *Western Rural States*. The Section authorizes \$435 million for projects in the six states. Section 4008 can be used for projects that qualified or would qualify for funding under Section 593, *Central New Mexico*, from the Water Resources Development Act of 1999. Section 4008 funding could be used to complete additional North and South Valley water utility connections. Section 4008 lists:

- Wastewater treatment and related facilities
- Water supply and related facilities
- Environmental restoration, and
- Surface water resource protection and development

WRRDA 2014 also included authorization for studies and projects in three states along the Rio Grande. Section 4006 in WRRDA 2014 amends Section 5056 of WRDA 2007, *Rio Grande Environmental Management Program, Colorado, New Mexico and Texas*. The two sections together authorize programs for planning and construction of measures for fish and wildlife habitat and flood damage reduction. Congress authorized \$15 million per fiscal year from 2008 thru 2019.

The Corps published a notice in the August 5, 2014 Federal Register (p. 45430) for non-federal sponsors to propose feasibility studies and modifications to authorized projects or feasibility studies for inclusion in the Corps annual report to be published in February 2015. “Annual Report” is another term for “annual work program.” The Annual Report identifies projects that meet certain criteria and can be considered by Congress for funding in the upcoming fiscal year.

The Federal Register announcement provides the opportunity for the County to initiate a cost sharing feasibility study with the Corps that could lead to an authorized Corps project.

<https://www.federalregister.gov/articles/2014/08/05/2014-18495/proposals-from-non-federal-interests-for-proposed-feasibility-studies-and-proposed-modifications-to>

The County has until December 3, 2014 to submit a proposal for a feasibility study to the Corps.

The County should discuss options for reimbursement of funds advanced for the North and South Valley Utilities Project with the Corps Albuquerque District Office.

The District might have recommendations for obtaining reimbursement or credit in lieu of reimbursement.

E. Proposed adjustment to the status of tax-exempt bonds was fought off during 2014.

President Obama proposed a partial elimination of the tax-exempt status of municipal bonds in his FY 14 budget and the leaders of the House and Senate revenue committees announced in the spring that all tax provisions would have to be justified when Congress takes on the mammoth task of addressing tax reform.

MMO made the point to the delegation that changing the tax exempt status of municipal bonds would increase the costs of projects. When tax reform proposals are made in Congress, the opponents to changes in the tax code know that the strength and voice of opposition to proposals is critical to stalling or defeating them. The public sector raised significant opposition to the Administration and Congressional proposed changes in the status of tax-exempt bonds. MMO worked with the National Association of Counties, the Municipal Finance Officers Association to defend municipal bonds. The County's should include continuation of tax-exempt bonds in its 2015 federal priorities.

F. Land Mobile Systems

In March and April, MMO met with senior staff in the Federal Emergency Management Agency Grants Program Directorate office to discuss the County's interest in securing funding for the County's Land Mobile Program. According to staff, the release of FY 14 guidance for the Assistance to Firefighters Grant (AFG) programs will be made late summer/fall. The FY 14 Omnibus Appropriations bill provided over \$365 million for the Assistance to Firefighters Grant (AFG) program. The AFG program provides funding for critically needed equipment, protective gear, emergency vehicles, training, and other resources needed to protect the public and emergency personnel from fire and related hazards. We will continue to stay in contact with FEMA staff and send the County grant information as it becomes available. FEMA staff indicated the County's project may be funded under Joint/Regional Category. We will monitor the upcoming funding announcement and work with County staff to determine, based on the guidance, if the project matches the grant criteria.

G. County Receives \$75,000 Our Town Placemaking Grant from the National Endowment for the Arts (NEA)

The County was notified that its \$75,000 National Endowment for the Arts Our Town grant was tentatively awarded funding to revitalize the Bridge Boulevard Corridor. The Our Town project was a priority project in the County's 2014 Federal program. MMO worked with the delegation to secure support for the application.

H. 1 Sandia and Los Alamos National Laboratories Funding Support

MMO recommended County officials meet annually with the Director of the National Nuclear Security Agency (NNSA) during County officials' visits to Washington.

NNSA is located within the Department of Energy and responsible for civilian control of the nation's nuclear arsenal. NNSA also is responsible for the budgets of Sandia and Los Alamos National Labs.

As discussions have taken place in Washington the past eight years about the missions of the National Laboratories, MMO has advised the Bernalillo County officials to make NNSA aware of the County's support for the two National Labs located in New Mexico. The Department of Energy spends around \$4 billion total a year at the labs. Because of the economic impact and the involvement of Sandia Lab employees in many civic activities in the Albuquerque/Bernalillo County metropolitan area, it is worth the investment of time to let Washington, D.C. Department of Energy officials know that Bernalillo County appreciates Sandia employees and the investments they make in the community.

The NNSA's Administrator, budget chief and intergovernmental staff meet with the County's representatives and provide an overview of the Sandia's budget and the major budget concerns NNSA is addressing at the national level. In the past, County officials make the New Mexico Congressional delegation aware of their visits with the NNSA and remind the delegation the County supports Sandia and appreciates the lab's contribution to the local economy.

H. 2 Bus Rapid Transit (BRT) in the Albuquerque Metropolitan Area Funding

MMO has been working with ABQ Ride and Rio Metro officials the past year to show the Federal Transit Administration (FTA) the relationship between the two BRTs. We have explained that the two BRT alignments are complementary and in the long run probably operate under one authority. We pointed out that nine of Rio Metro's twenty-one Board Members are elected officials from the City of Albuquerque (6) and Bernalillo County (3). The past two years we have advised City and Rio Metro officials to speak to FTA about two BRT routes and one integrated system.

Central Avenue BRT has entered FTA's program development phase and the University, CNM, Sunport BRT is expected to enter FTA's program development phase later this year. We are working with ABQ Ride to include the Central BRT in the FY16 FTA budget and expect Rio Metro's BRT to be in the budget a year later. We plan to have the City and Rio Metro provide a briefing to FTA early in 2015 local plans to coordinate the two lines and how they will benefit from transit oriented development.

The Central Avenue BRT is expected to be through a conceptual build stage of the project by the end of September and ABQ Ride will have a value engineering review of the project to date with a group of experienced New Starts/Small Starts officials in mid to late August to review the planning of the Central BRT to date.

The public meetings to gather feedback on the project will continue through the end of October. Those sessions are expected to focus on the BRT operating plans within

the corridor and how BRT will use the roadway and medians on Central Avenue. There will be six meetings for the six operating segments along Central Avenue.

ABQ Ride expects to submit a completed program development plan to FTA in September 2015 and be in the queue for FTA funding in FY16/17.

The City of Albuquerque and Rio Metro Regional Transit District collaborated on the submission of a TIGER Grant application to provide better pedestrian connections to the Downtown Rail Runner station, help improve Rail Runner travel times and make Innovation Central and other Downtown destinations more accessible by transit and commuter rail.

I. Supplemental Nutrition Assistance Program (SNAP)

On February 7, President Obama signed into law the Federal Agriculture Reform and Risk Management Act of 2013.

The bill includes a \$8.6 billion cut to the SNAP program over 10 years, which represents a net \$8 billion in savings on nutrition programs because the law increases funding for programs that provide commodities to food banks and food pantries, and that give SNAP beneficiaries more buying power at farmers markets.

The reduction is double the \$4 billion that the Democratic-led Senate originally proposed in its farm bill (S 954), but far below the \$40 billion cut many House Republicans had sought.

The County's 2014 priority was to ensure the highest level of funding for SNAP.

Others

County Receives \$200,973 in FY 14 Payment in Lieu of Taxes (PILT)

MMO worked with the Congressional delegation, NACo and New Mexico Association of Counties, to support mandatory PILT funding. On February 7, 2014 the President signed the Agriculture Act of 2014 (H.R. 2642 / Public Law 113-79) which authorized full funding for the Payments in Lieu of Taxes program for Fiscal Year 2014.

In the second quarter, the Department of Interior announced a \$436.9 million in 2014 Payments in Lieu of Taxes (PILT) program funding, including \$200,973 for Bernalillo County, the largest amount ever allocated under the PILT program.

While the PILT program was extended for an additional year, barring future action, the program will expire at the end of September. We continue to work with the New Mexico delegation, New Mexico Association of Counties and NACO to find a long term funding solution for the PILT program.

The President's Fiscal Year 2015 Budget Submission to Congress requested a one-year extension of the Payments in Lieu of Taxes (PILT) program. The extension would fund PILT payments in FY 2015.

Congresswoman Lujan Grisham and Congressman Ben Ray Lujan were signatories to the House Interior Appropriations Subcommittee requesting full funding for PILT in the FY 15 Interior Appropriations bill. Congressman Steve Pearce also was a signatory to a PILT letter earlier in the quarter.

In July, the FY 15 House Interior Appropriations Committee included language reauthorizing the PILT.

Main Street Fairness Act Update

On July 15, 2014, by a voice vote under suspension of the rules, the House passed H.R. 3086, the Permanent Internet Tax Freedom Act. The bill had overwhelming bipartisan support with 228 co-sponsors.

H.R. 3086 makes permanent the current moratorium that prohibits states from imposing taxes on access to the Internet. The bill eliminates a grandfather provision under current law that protects an estimated \$500 million in revenues currently being collected in seven states (HI, NM, ND, OH, SD, TX, WI, and many of their localities) from taxes on Internet access fees that were in place prior to enactment of the original ITFA. If enacted, the bill could cost New Mexico state government – and cities and counties statewide – roughly \$44 million in annual tax revenue.

On the Senate side, Senators Enzi, Durbin, Alexander, Heitkamp, Collins and Pryor introduced the Marketplace and Internet Tax Fairness Act (MITFA) (with several technical changes) and a 10-year extension of the Internet Tax Freedom Act. The new bill combines the previously passed Market Fairness Act (S. 743) with a revised version of the House passed bill (HR 3086).

The Senate bill includes language that would allow grandfather states (New Mexico) to continue to collect Internet access fees and provides the mechanism that would allow state and local governments to enforce existing state and local sales and use tax laws on remote retailers so long as States simplify tax administration by adopting the Streamlined Sales and Use Tax Agreement.